

## Connecting with the Prosumer: The New Imperative for Top Line Growth

A JOURNAL OF STRATEGY & BUSINESS TRANSFORMATION

Zain Raj and Cynthia Pike-Fuentes

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*American companies are losing their value and their edge because they have lost touch with the very people who buy their products. But they may be able to reverse this trend. In any business, in any industry, a group of consumers called "Prosumers" are the key to growth. They are the driving force behind many influential business trends, the market makers and breakers, and knowing how to leverage this segment's assets can offer businesses a solution to the problem.*

A recent Mercer Value Growth Study citing the primary reasons for the collapse in value of many Fortune 1000 companies tells a compelling story. With approximately 25 percent of companies citing "demand shortfall," as a reason for the collapse in value of their companies, another 10 percent each offering "competitive gains" and "cost overruns" as an explanation and another five percent each citing the "wrong products" and "poor management," a larger challenge is quickly coming into focus. Demand shortfall, competitive gains--in fact, each of the reasons cited above--illustrates that American companies are losing their value and losing their edge because they have lost touch with the very people who buy their products.

Back in the heyday of advertising--the 1960's and 1970's--companies manufactured products and then tried to figure out how best to sell those products to the consumer, generally through mass market channels. But over the last two decades this pattern has been reversed. We now live in a demand-driven economy where sophisticated consumers drive change in the marketplace, fragmentation of the media has closed the pipeline to the mass market, and new products and trends are born and die in a blink of an eye, often overlapping as one trend rises and another falls.

The message often lost in the soaring takeoff and seemingly sudden crash of the dot.com world is that success in this new economy requires continual anticipation of--and fast response to--change. You can see it in the economic problems facing nearly all major airlines, the struggles of several centuries-old retailers and the dissolution of many of our oldest financial institutions. Yesterday's solutions won't solve tomorrow's problems. To drive growth, you must not only embrace but lead change.

Business is changing, transforming reality with new business models, new

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organizational structures, new avenues of distribution, new industries, new labor demands, new regulatory standards and new technologies. New companies are being created and unanticipated competitors are evolving. The once-venerable network evening newscast has been dealt a near-death blow -- not by other networks -- but by the internet, satellite radio, and the blog of the day. Most importantly, consumers are changing – people are “getting older younger” (note the sophistication of an eight year-old today compared to 20 years ago) and staying younger longer (as evidenced by the eternally young Baby Boomers who continue to redefine our notions of middle age and retirement).

We have access to information and many services 24 hours a day, seven days a week, 365 days a year. Our ability to consume messages far surpasses our ability to provide content. And because of this, the power has forever shifted to consumers. Consequently, we must be acutely aware of their value.

How can companies tap into the consumer as trends are taking shape, to assure that they are on the leading edge rather than the tail end of consumer trends? Our research has shown that in any business, in any industry, a group of consumers called “Prosumers” are the key to growth. Prosumers are defined as that 20-30 percent of consumers who influence how quickly trends spread (velocity), how completely trends spread (density), and how trends may mutate. They are not an American phenomenon. Prosumers make and break markets, in every category, in every industry, and in virtually every part of the world. Prosumers have been the driving force behind such varied and influential business trends as extended retail hours, on-the-go access to financial services, mass customization options (think Nike ID), online price-comparison engines, online medical information, and online access to consumer product reviews.

### How to Appeal to Prosumers

Not surprisingly, appealing to Prosumers requires innovative thinking and bold action. By leveraging what we call Creative Business Ideas, we have been able to appeal to Prosumers—that is, by creating ideas that are transformational, align with client business strategy, and drive profitable growth.

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In late 2000, our client, Volvo, was in the throes of a product, culture and brand revolution – a “Revolvolution,” as it was known. As the company transformed its brand image from one of simply unparalleled safety to one that also emphasized superior performance and styling, it launched a web-site of the same name. Revolvolution.com” was not just a communications tool – it was a business tool that leveraged communication to produce tangible business results. Indeed, the campaign generated approximately 2 million visitors to the site with 300,000 opt-ins for future Volvo communications, and 45,000 online sales leads.

Another example of connecting with Prosumers to drive business as well as industry-wide change is offered by the much-celebrated A380 jetliner. Always in head-to-head competition with Boeing, business leaders at Airbus, our client, knew all too well the value of anticipating and, in fact, creating change in the industry. When the company made plans to create the new A380 – the largest long-haul plane to be manufactured, with unique facilities, including a shower and bar – we developed an integrated advertising and public relations campaign that established demand among key audiences before the product was built. Acknowledging the extraordinary cost of the product, the Creative Business Idea compared the product to one of the Seven Wonders of the World. Just one year after the official launch, Airbus had booked 124 orders for the A380 – a record for sales of an all-new aircraft following its launch, and has won 84 percent of the market against older, competing designs.

Microsoft is another company that has tapped into the power of Prosumers to drive change. It is so attuned to it, in fact, that its business model addresses change by creating change. A quick Google™ search of the phrase ‘Microsoft planned obsolescence’ yields nearly 30,000 results. Microsoft does not sit back on its laurels or simply reap the profit of core business. The company controls the flow of technological progress in its core business areas, effectively establishing monopoly for its products, almost guaranteeing steady growth. Emerging technology areas are attacked by Microsoft with vigor, all in an effort to capture the business opportunity change will spark.

**Now more than ever**

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Businesses today must find ways to tap into and leverage the power of the Prosumer if they are to succeed in tomorrow's economy. In this demand economy, by determining how the Prosumer sees your products and services, you can effectively tap into the crystal ball that not only predicts but shapes your company's place on the world stage.